

Message Text

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17

ACTION NEA-12

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

INR-10 NSAE-00 L-03 COME-00 FRB-02 SCI-06 INT-08

FEA-02 EA-11 DRC-01 /134 W
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P R 160452Z JAN 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC PRIORITY 5904

INFO AMCONSUL DHAHRAN

C O N F I D E N T I A L JIDDA 0217

EO 11652: GDS

TAGS: ETRD, EIND, SA

SUBJECT: KAISER ALUMINUM SMELTER PROPOSAL

REF: DEPTTEL 7638

1. LETTER OF DECEMBER 7 REPLIED TO BY AMBASSADOR ON JANUARY 14 AFTER EFFORTS TO CHECK SPECIFICALLY ON STATUS OF PROPOSAL WERE DELAYED BECAUSE OF HAJ ABSENCES. AMBASSADOR'S LETTER SUGGESTS THAT SAG SO FAR HAS NOT BEEN UNWILLING TO TALK WITH AMERICAN COMPANIES IN THE FIELD OF INDUSTRIAL DEVELOPMENT OF SAUDI ARABIA DURING THIS PERIOD ALTHOUGH CONCLUDING DEALS IN THE SPHERE OF ENERGY-ORIENTED INDUSTRIES SEEMS TO HAVE BEEN POSTPONED.

2. WE HAVE NOW BEEN ABLE TO TALK BRIEFLY WITH GOVERNOR TAHER HIMSELF ABOUT KAISER. HE CLAIMS THAT LACK OF INTEREST STEMS ENTIRELY FROM FACT KAISER WAS TRYING TO QUOTE GET A FREE RIDE UNQUOTE APPARENTLY IN TERMS OF LOANS OR OTHER FINANCING SUPPLIED FROM SAG AT LITTLE OR NO COST. (FYI GENERAL MOTORS RECEIVED SAME TREATMENT ON A SIMILAR FINANCING PROPOSAL FOR NEW ASSEMBLY
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PLANT.) TAHER DID NOT OPPOSE KAISER TRYING AGAIN BY

QUOTE SHARPENING THEIR PENCIL UNQUOTE. HE SAID THAT KAISER WAS A VERY GOOD FIRM, WITH GOOD TECHNOLOGY BUT SAG KNEW THAT IT HAD A CASH FLOW PROBLEM. SAG WAS UNWILLING TO GIVE IT LOANS IN EXCHANGE FOR ONLY FIFTY PERCENT OF THE PROPOSED ALUMINUM PLANT. HE ALSO SAID THAT THERE WERE OTHER AMERICAN ALUMINUM COMPANIES INTERESTED IN SAUDI ARABIA. (FYI WE KNOW OF NO SERIOUS PROPOSALS BY OTHER US COMPANIES, THOUGH THE JAPANESE APPARENTLY HAVE MADE A PROPOSAL.)

3. WE WOULD LIKE TO ENCOURAGE KAISER BOTH IN THIS AND OTHER PROPOSALS THEY HAVE MADE TO SAG. IT WOULD BE HELPFUL FOR DEPARTMENT TO BRIEF KAISER AND INFORM EMBASSY OF ITS REACTION TO ABOVE.
AKINS

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Message Attributes

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Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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30 JUN 2005

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